

American Society of Appraisers
in cooperation with
The Appraisal Foundation

ASA Business Valuation Standards
and portions of
Uniform Standards of Professional
Appraisal Practice (USPAP)

This brochure contains the ASA Business Valuation Standards (ASA/BVS) and for your information, portions of the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation.

USPAP in its entirety includes other standards as well as statements on standards and accompanying advisory opinions which are not included here. Business valuation practitioners and reviewers should be familiar with all parts of USPAP.

ASA/BVS Include:

Preamble
General Requirements for Developing
 A Business Valuation
Financial Statement Adjustments
Asset-Based Approach to Business
 Valuation
Income Approach to Business Valuation
Market Approach to Business Valuation
Reaching a Conclusion of Value
Valuation Discounts and Premiums
Comprehensive, Written Business
 Valuation Report
Definitions
The Guideline Company Valuation Method
Financial Consulting and Advisory Services

USPAP portions include:

Preamble
Ethics Provision
Competency Provision
Departure Provision
Jurisdictional Exception
Supplemental Standards Statement
Appraisal Standard 3
Appraisal Standard 9
Appraisal Standard 10
Certain definitions

All USPAP material is copyrighted by The Appraisal Foundation and is updated annually as of January 1. The 1997 edition of USPAP has been used in this brochure. USPAP in its entirety can be obtained for \$25 from The Appraisal Foundation. Address: 1029 Vermont Ave., N.W., Suite 900, Washington, D.C. 20005-3517; Phone (202) 347-7722; Fax (202) 347-7727.

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AMERICAN SOCIETY OF APPRAISERS Business Valuation Standards

BVS-VI Reaching a Conclusion of Value©

I. Preamble

- A. This standard is required to be followed in all valuations of businesses, business ownership interests, and securities by all members of the American Society of Appraisers, be they Candidates, Accredited Members (AM), Accredited Senior Appraisers (ASA), or Fellows (FASA).
- B. The purpose of this standard is to define and describe the requirements for reaching a final conclusion of value in valuation of businesses, business ownership interests, or securities.
- C. This present standard is applicable to appraisals and may not necessarily be applicable to limited appraisals and calculations as defined in BVS-I, Section II.B.
- D. This standard incorporates the general preamble to the Business Valuation Standards of the American Society of Appraisers.

II. General

- A. The conclusion of value reached by the appraiser shall be based upon the applicable standard of value, the purpose and intended use of the valuation, and all relevant information obtained as of the appraisal date in carrying out the scope of the assignment.
- B. The conclusion of value reached by the appraiser will be based on value indications resulting from one or more methods performed under one or more appraisal approaches.

III. Selection and Weighing of Methods

- A. The selection of and reliance on the appropriate method and procedures depends on the judgment of the appraiser and not on the basis of any prescribed formula. One or more approaches may not be relevant to the particular situation. More than one method under an approach may be relevant to a particular situation.
- B. The appraiser must use informed judgment when determining the relative weight to be accorded to indications of value reached on the basis of various methods or whether an indication of value from a single method should dominate. The appraiser's judgment may be presented either in general terms or in terms of mathematical weighting of the indicated values reflected in the conclusion. In any case, the appraiser should provide the rationale for the selection or weighting of the method or methods relied on in reaching the conclusion.
- C. In formulating a judgment about the relative weights to be accorded to indications of value determined under each method or whether an indication of value from a single method should dominate, the appraiser should consider factors such as:
 - 1. The applicable standard of value;
 - 2. The purpose and intended use of the valuation;
 - 3. Whether the subject is an operating company, a real estate or investment holding company, or a company with substantial non-operating or excess assets;
 - 4. Quality and reliability of data underlying the indication of value;
 - 5. Such other factors which, in the opinion of the appraiser, are appropriate for consideration.